



**FHB Mortgage Bank Plc.**

**Half-year financial report for the first half  
of 2013**

Budapest, 15<sup>th</sup> August, 2013

## I. SUMMARY CONSOLIDATED FIGURES

in HUF million	30/06/2012	31/03/2013	30/06/2013	30/06/2013 / 30/06/2012	30/06/2013 / 31/03/2013
<b>Main balance sheet items</b>					
Total assets	809,618	710,429	739,032	-8.7%	4.0%
Refinanced loans	178,821	159,785	148,842	-16.8%	-6.8%
Loans (gross)	380,766	378,764	365,781	-3.9%	-3.4%
Mortgage bonds	259,862	234,685	234,971	-9.6%	0.1%
Senior unsecured bonds	118,579	103,707	110,777	-6.6%	6.8%
Customer deposits	154,651	139,834	168,957	9.3%	20.8%
Shareholders' equity	53,759	76,061	75,929	41.2%	-0.2%

in HUF million	Q2 2012	Q1 2013	Q2 2013	Q2 2013 / Q1 2013	Q2 2013 / Q2 2012	H1 2012	H1 2013	H1 2013 / H1 2012
<b>Main P/L items</b>								
Net interest income	4,803.7	4,272.6	4,398.8	3.0%	-8.4%	10,417.8	8,671.4	-16.8%
<i>Net interest margin</i>	<i>2.43%</i>	<i>2.37%</i>	<i>2.43%</i>	<i>2.78%-pt</i>	<i>0.08%-pt</i>	<i>2.58%</i>	<i>2.34%</i>	<i>-0.23%-pt</i>
Net fees and commissions	627.7	854.9	1,010.1	18.2%	60.9%	1,531.5	1,865.1	21.8%
Total income (with net fees)	7,851.7	4,828.1	2,692.0	-44.2%	-65.7%	13,411.1	7,520.1	-43.9%
Provision for impairment on loan losses	-3,434.6	-2,651.7	-1,283.6	-51.6%	-62.6%	-4,423.2	-3,935.3	-11.0%
Operating cost	-4,054.5	-4,358.3	-4,670.4	7.2%	15.2%	-8,227.8	-9,028.8	9.7%
<i>Cost to income ratio</i>	<i>51.6%</i>	<i>90.3%</i>	<i>173.5%</i>	<i>92.2%-pt</i>	-	<i>61.4%</i>	<i>120.1%</i>	<i>58.7%-pt</i>
<i>Cost/income ratio without special banking tax</i>	<i>47.4%</i>	<i>78.7%</i>	<i>126.5%</i>	<i>60.6%-pt</i>	-	<i>55.5%</i>	<i>97.9%</i>	<i>42.4%-pt</i>
<b>Profit before tax</b>	<b>362.7</b>	<b>-2,181.9</b>	<b>-3,262.1</b>	<b>49.5%</b>	-	<b>760.1</b>	<b>-5,444.0</b>	-
<b>Profit after tax</b>	<b>53.7</b>	<b>-1,589.4</b>	<b>-3,004.1</b>	<b>89.0%</b>	-	<b>67.6</b>	<b>-4,593.6</b>	-
Profit before tax without special banking tax	1,069.0	-1,475.6	-2,261.9	53.3%	-	2,172.8	-3,737.5	-
<b>Profit after tax without special banking tax</b>	<b>760.1</b>	<b>-883.1</b>	<b>-2,003.9</b>	<b>126.9%</b>	-	<b>1,480.3</b>	<b>-2,887.0</b>	<b>-295.0%</b>
Basic EPS (HUF)	6.5	-97.7	-182.7	86.9%	-	2.1	-140.5	-
<i>Return on Assets</i>	<i>0.03%</i>	<i>-0.88%</i>	<i>-1.66%</i>	<i>88.68%-pt</i>	-	<i>0.02%</i>	<i>-1.24%</i>	<i>-1.26%-pt</i>
<i>Return on Equity</i>	<i>0.40%</i>	<i>-8.39%</i>	<i>-15.86%</i>	<i>88.91%-pt</i>	-	<i>0.25%</i>	<i>-12.07%</i>	<i>-12.33%-pt</i>
<i>ROAA without special banking tax</i>	<i>0.38%</i>	<i>-0.49%</i>	<i>-1.11%</i>	<i>126.53%-pt</i>	<i>-388.15%-pt</i>	<i>0.37%</i>	<i>-0.78%</i>	<i>-1.15%-pt</i>
<i>ROAE without special banking tax</i>	<i>5.70%</i>	<i>-4.66%</i>	<i>-10.58%</i>	<i>126.80%-pt</i>	<i>-285.48%-pt</i>	<i>5.56%</i>	<i>-7.59%</i>	<i>-13.14%-pt</i>

in HUF million	Q2 2012	Q1 2013	Q2 2013	Q2 2013 / Q1 2013	Q2 2013 / Q2 2012	H1 2012	H1 2013	H1 2013 / H1 2012
<b>Capital adequacy</b>								
Risk weighted assets	318,610	326,838	316,913	-3.0%	-0.5%	318,610	316,913	-0.5%
Regulatory capital (IFRS)	58,083	62,901	63,371	0.7%	9.1%	53,759	75,929	41.2%
<i>Capital adequacy ratio (IFRS)</i>	<i>13.6%</i>	<i>14.4%</i>	<i>14.7%</i>	<i>0.32%-pt</i>	<i>1.14%-pt</i>	<i>13.6%</i>	<i>14.7%</i>	<i>1.14%-pt</i>

## II. REPORT ON FIRST HALF AND THE SECOND QUARTER OF 2013 RESULTS OF FHB GROUP

This report of FHB Mortgage Bank Public Company Limited by Shares for first half of 2013 are based on the data of the consolidated balance sheet and profit and loss account prepared according to the International Financial Reporting Standards (IFRS). The narratives compare the consolidated, audited figures as of 31 December 2012, and the consolidated, non-audited figures as of 30 June 2012, 31 March 2013 and 30 June 2013. The same accounting policy has been applied by this report and consolidated balance sheet and profit and loss account according to the International Financial Reporting Standards (IFRS) as of 31 December 2012.

The Group accounted the entire amount of special banking tax prescribed for 2013 according to IFRS pursuant to the provisions of Act LIX of 2006. The Group accepts and does not contest this amount set by law, the Group is bound to pay during the course of the year 2013 the full amount. However, in order to present the impacts of actual operation, the analysis and comparative indicators of interim reports are based on the adjusted financial statements that include special banking tax pro rata. The obligations to compensate the lack of financial transaction levy, based on Paragraph 3 Section 10 of Act of CXXIII of 2013 is accounted and reported on the same way.

For the information of investors, appendix of this interim report presents the financial statements including the special banking tax for the entire business year and the financial statements that include special banking tax pro rata, as well.

### 1. Summary of the achievements of the past period

FHB Group's consolidated balance sheet total calculated according to International Financial Reporting Standards was 739,0 billion HUF as of 30 June 2013, which was 8.7% and 70.6 billion HUF less than a year before and 28.6 billion HUF or 4.0% up to the previous quarter. Quarterly increase of balance sheet total was driven by issued senior securities and increasing deposits on the liability side, while on the asset side by growth of securities. Despite the increasing volume of new loan disbursements, gross amount of loans decreased in the last quarter (-13.0 billion HUF or -3.4%), yearly decrease amounted to 15.0 billion HUF. Decline of loans was partially generated by revaluation of FX loans.

FHB realised loss in H1 and Q2 2013, although items related to core banking activity improved in the period:

- net interest income and net interest margin grew compared to the previous quarter and was even higher than in Q3 and Q4 2012;
- net fees and commissions increased by 60.9% year-on-year and also net fees without financial transaction levy improved significantly, over 15% and 28% q/q and y/y, respectively;
- risk cost almost halved in the second quarter.

Consolidated profit after tax for 2013 Q2 was 3.0 billion HUF loss, containing quarterly special banking tax of 706 million HUF and pro rata payment obligation of 294 million HUF to compensate the lack of financial transaction levy, based on Paragraph 3 Section 10 of Act of CXXIII of 2013 (half year amount). Above special taxes, 130 million HUF loss on exchange rate protection scheme and not shifted part of financial transaction levy bothered the quarterly results as one-off items.

Consolidated net interest income according to IFRS amounted to 4.4 billion HUF showing year-on-year decline due to long-time impact on fixed-rate final repayment, but compared to previous quarter 126 million HUF of growth was reached and in the last three quarters continuous increase was realized. Net interest margin on

average assets was 2.43%, by 7 basis points higher than in previous quarter and basically showed the same level as a year before.

Net fee and commission income was above 1 billion HUF in Q2 2013, showing growth both yearly and quarterly.

Level of risk costs performed favorably compared to the previous quarter, as well. Provision for possible loan losses amounted to 1.3 billion HUF, slightly more than the half of the first quarter figure and showed 63% improvement year-on-year.

Mainly net loss on financial transactions contributed to the unfavourable quarterly results. The Bank realized 909 million HUF loss on financial liabilities at fair value through profit and loss, and reported 1.1 billion HUF loss on FX transactions. Major part of the latter item comes from the revaluation of FX position related to subordinated Tier 1 capital.

Operating expenses grew both in case of three-months and cumulated half year figure. The increase is the impact of higher financial institution levy related to exchange rate protection scheme and financial transaction levy, reported also as operating cost. Excluding these items, growth of operating expenses stayed below the inflation.

Concerning the half year period, profit after tax was 4.6 billion HUF loss, beside 8.7 billion HUF net interest income and 2.34% net interest margin. Adjusted by one-off items (such as special banking tax, obligation to compensate lack of financial transaction levy, not shifted financial transaction levy, losses on exchange rate protection scheme) amounted to 2.6 billion S HUF loss.

*Capital adequacy ratio according to IFRS in FHB Group was 14.7% at the end of the period, 28 bp higher than at the end of March 2013.*

### *Performance of FHB shares*

In terms of capitalisation, FHB is invariably 7th in the rank of "A" rate listed companies and contributes 0.55% to the aggregate capitalisation of the BSE based on 30 June 2013 data.

As of 30 June 2013, FHB's weight in the BUX index was 0.47% (8th biggest weight in the basket), and was 4th with a weight of 8.77% in BUMIX, the index of share prices of mid- and small-cap companies.

The price of FHB Mortgage Bank's shares closed the second quarter at 360 HUF similar to Q1 2013.

The total turnover of mortgage bonds and senior bonds issued by FHB, amounted to 18.1 million HUF in H1 of 2013, increasing by 13 million HUF compared to Q1 2013 (during the first quarter 2013, turnover of bonds amounted to 5.1 million HUF).

## **2. Main activities and subsidiaries' performance**

### *CMB issues, funding*

Until the end of June 2013, on the emerging markets FX rates and interest rates remained significantly volatile in case of government bonds and other asset too and risk premiums have been revaluated. Major driver of market movements were the fluctuating expectations related to changes in monetary policy of FED. President of FED announced, that FED actually maintains its bond buying program with current conditions as of 85 billion USD, but after strengthened economic positions QE program is planned to be diminish this year.

Announcement of FED weakened emerging markets' currencies and strengthened USD's rate. HUF/EUR rate was weakened also occasionally reaching 300 HUF level, but by the end of Q2 HUF/EUR rate was 295 representing strengthening compared to end of March.

As of Q2, Hungarian capital markets were extremely volatile due to international FX and interest rate movements, regulatory changes on national credit and capital markets and monetary policy changes of NBH. Government bond yields moved even 30-50 bp in a day.

National Bank of Hungary decided to reduce base rate by 25 bp again at the end of June. After eleventh cut base rate reached its historical low point as of 4.25%.

In Q2 2013 7.2 billion HUF of issuances materialised. In H1 2013, altogether funds of 20 billion HUF were raised (calculated at FX rate of the issuance date).

In Q2 2013, 2 billion HUF and 13 million EUR of senior bonds, 1.4 billion HUF of mortgage bonds were issued. As of H1 2013, 1.4 billion HUF and 15 million of EUR mortgage bonds' and 10.4 billion HUF and 13 million EUR senior bonds' issuance took place.

#### *Retail mortgage lending and the housing market*

Retail customers' demand for loans remained low in Q2 2013, but interest for subsidized loans was similar to previous quarter. In line with the loan market, the housing market and the housing construction keep touching bottom. According to CSO statistics, 2,680 new homes were built in 2013 H1, by 40% less than in 2012 H1; the number of new housing construction permits issued was only 3,401, 30% less compared to the 2012 data.

As of 30 June 2013, the volume of retail mortgage loans (5,639 billion HUF) was down by 6.2% compared to 30 June 2012; the volume growth adjusted by exchange rate volatility was -5.1%. Volume of HUF loans (2,112 billion HUF) decreased by 0.4% year-on-year; at the same time the FX loan portfolio (3,527 billion HUF) shrank by 9.4% (-7.8% adjusted by the volatility of exchange rate).

Retail housing loans decreased by 3.8% in Q2, change adjusted by exchange rate volatility was -2.3%. At the end of June 2013 housing loans amounted to 3,420 billion HUF representing decline of 5.9% year-on-year, adjusted by exchange rate volatility -5.0%. Volume of loans denominated in HUF was 1,595 billion HUF, showing a 0.8% decrease during the last quarter, while share of FX loans decreased by 6.3% (adjusted by the volatility of exchange rate it was 3.5% decrease).

General-purpose mortgage loans amounted to 2,219 billion HUF as of 30 June 2013; after exchange rate adjustment the portfolio shrank by 2.8% in the last quarter, and by 5.3% year-on-year. HUF denominated general-purpose mortgage loans (517 billion HUF) increased by 2 billion HUF quarterly and expanded by 7.9% year-on-year. As opposed, the exchange rate adjusted change in FX denominated general-purpose mortgage loans was -3.8% in Q2 of 2013 and -8.7% year-on-year.

#### *Own lending*

The volume of gross loans of FHB Group amounted to 365.8 billion HUF as of 30 June 2013, by 3.4% down to the 31 March 2013 figure (378.8 billion HUF). Year-on-year decline was 3.9%. Quarterly decrease was due to revaluation of FX loans, change in volume adjusted by FX changes was 1.2% decrease quarterly.

55.6% of total volume of loans was denominated in FX as of 30 June 2013, 213 bp down compared to previous quarter partly due to declining amount of loans and stronger HUF rate.

Retail loans continued to dominate within the loan portfolio with a contribution of 79.8% (80.3 % on 31 March 2013). Retail loans were by 4.1% (or 12.4 billion HUF) down to the figures of 31 March 2013 and 23.6 billion HUF down year-on-year.

in HUF million	30/06/2012	31/03/2013	30/06/2013	Q/Q	Y/Y
<b>Retail loans</b>	<b>315,340</b>	<b>304,172</b>	<b>291,784</b>	<b>-4.1%</b>	<b>-7.5%</b>
Housing loans	159,650	150,551	146,307	-2.8%	-8.4%
Other mortgage loans	143,894	141,521	134,303	-5.1%	-6.7%
Consumer loans	6,967	6,942	6,270	-9.7%	-10.0%
Loans for employees	1,970	1,795	1,652	-8.0%	-16.1%
Retail leasing	2,858	3,363	3,252	-3.3%	13.8%
<b>Corporate loans</b>	<b>65,426</b>	<b>74,592</b>	<b>73,998</b>	<b>-0.8%</b>	<b>13.1%</b>
Corporate leasing	64,508	73,684	73,049	-0.9%	13.2%
Corporate loans	918	908	949	4.5%	3.4%
<b>Total own lending, gross</b>	<b>380,766</b>	<b>378,764</b>	<b>365,782</b>	<b>-3.4%</b>	<b>-3.9%</b>
Impairment	-34,321	-40,330	-39,372	-2.4%	14.7%
<b>Loans, net</b>	<b>346,445</b>	<b>338,434</b>	<b>326,410</b>	<b>-3.6%</b>	<b>-5.8%</b>
Refinanced loans	178,821	159,785	148,842	-6.8%	-16.8%

In terms of structure of retail loans, housing loans as the largest volume contributed 50.1% and other mortgage loans contributed 46.0% to the loan portfolio. A year before proportion was 50.6% and 45.6%, respectively. Reverse mortgages achieved 3.1 billion HUF as of 30 June 2013, while volume of consumer loans amounted to 6.2 billion HUF.

Volume of corporate loans amounted to 74.0 billion HUF, representing 20.2% of the total portfolio; continuous growth was realized in the last year – although compared to last quarter small fall can be seen, yearly growth was 13.1%.

In H1 2013, 4.3 billion HUF of retail and nearly 11 billion HUF of corporate loans have been disbursed; corporate loan disbursement was 40% up to figures of H1 2012. Among retail loans, share of subsidized loans is over 50%.

As of June FHB Group started to disburse loans within the framework of Funding for Growth Scheme (NHP) of National Bank of Hungary. Related to Pillar 1 and Pillar 2, the Bank contracted for outplacement of 30 billion HUF, of which more than 40% was disbursed by the end of July.

Until 30<sup>th</sup> June 2013, 45% of entitled clients applied for the buffer account scheme program and more than 7,600 (37%) contracts were already signed.

#### *FHB Commercial Bank Ltd.*

According to Hungarian Accounting Standards, total assets of FHB Commercial Bank were 461.6 billion HUF on 30 June 2013, showing 5.8% growth compared to Q1 2013 (4% growth compared to H1 2012).

In Q2 2013, volume of gross loans according to Hungarian Accounting Standards was 220.8 billion HUF increasing by 2.3% compared to Q2 2012, and declining by 3.0% quarterly – representing 47.3% among total assets, that shows fall both yearly and quarterly. Corporate loans amounted to 77.0 billion HUF having a share of 34.9% among total loan portfolio, that grew compared to Q1 2013.

Interest bearing liabilities amounted to 422.9 billion HUF, representing 91.6% among liabilities, that shows growth both quarter-to-quarter and year-on-year also. Deposits represent 40.4%, 170.7 billion HUF among interest bearing liabilities, while interbank liabilities represent the highest ratio with the amount of 236.8 million HUF, containing refinanced loans from FHB Mortgage Bank, 2Y liabilities covered by mortgage bonds

introduced by NBH to stimulate corporate lending, and refinancing related to already disbursed loans under Funding for Growth Scheme.

Ratio of deposits among interest bearing liabilities was 37.0% representing growth both yearly and quarterly due to higher level of corporate deposits. Volume of corporate deposits was above retail deposit's volume by the end of Q2 2013; its ratio was 52%. 24% of deposits are sight deposit.

The number of retail and corporate accounts managed by the Commercial Bank was 167.9 and 8.2 thousand respectively as of 30 June 2013, 127.4 thousands retail and 5.2 thousands corporate banking cards related to these accounts. Both number of accounts and cards represented significant growth in 2013 Q2.

According to Hungarian Accounting Standards, loss for the year was 846 million HUF in H1 2013, significantly better than a year before. Net interest income was 2.5% higher due to increasing interest income (0.3%), and decline in interest expenses (1.2%). Net fee and commission income was 5.7% higher than a year before. Operating costs were 3.4% down to H1 2012.

Shareholder's equity according to HAS was 30.4 billion HUF.

#### *FHB Annuity Ltd.*

FHB Annuity Ltd. offers two kinds of products to senior customers. FHB Annuity product is sold directly by FHB Annuity Ltd. FHB Mortgage Annuity product is a reverse mortgage loan, which means the contracts being reported in the balance sheet of FHB Mortgage Bank Plc.

Since the foundation of the company until 30 June 2013 739 annuity contracts were signed, that represents 646 alive contracts and 10.91 billion HUF real estate volumes after closing 93 contracts amounted to 1,295 billion HUF of the real estate portfolio.

#### *FHB Real Estate Ltd.*

The main business of FHB Real Estate Ltd. is to provide cover valuation, real estate investment, sales and management services, and real estate valuation services for FHB Group, in addition provide valuation services to external customers and services related to energy certification.

The real estate brokerage business generated 58 million HUF revenue in H1 2013; compared to the same period of 2012 decrease was 15.6 million HUF, while real estate sales – performing improvement – reached 68.9 million HUF income, that represents 3.9 times higher income compared to Q1 2013 (17.7 million HUF), while yearly growth was 5.6 times higher (12.4 million HUF).

#### *FHB Real Estate Lease Ltd.*

Since 2011, the Company has exclusively sold real estate lease products (besides managing its existing mortgage loan portfolio).

As at 30 June 2013, the consolidated loan volume of FHB Real Estate Lease Ltd. according to IFRS reached 7.7 billion HUF. In H1 2013, lease financing disbursement amounted to 212 million HUF (Q1: 73 million HUF, Q2: 139 million HUF). Leasing portfolio reached 3.4 billion HUF as of 30 June 2013. The quarterly change was 2.8% decrease (from 3.5 billion HUF as of 31 March 2013), while the year-on-year fall was 12.9% (from 3.9 billion HUF as of 30 June 2012).

### Organisational changes and headcount

As of 30 June 2013, the consolidated full-time headcount was 763.2, by 5.2 persons less than the 757.9 figure as of 31 March 2013 and 40.7 persons below the 30 June 2012 headcount of 803.9.

Headcounts of the Group members were as follows:

Divisions	30/06/2012	31/03/2013	30/06/2013	Q-o-Q	Y-o-Y
FHB Mortgage Bank Plc.	181.1	169.3	171.3	1.2%	-5.4%
FHB Commercial Bank Ltd.	597.0	564.9	567.1	0.4%	-5.0%
FHB Life Annuity Ltd.	6.6	6.5	7.2	10.9%	8.7%
FHB Real Estate Ltd.	9.1	8.1	8.1	-0.1%	-11.0%
FHB Real Estate Leasing Ltd.	10.1	9.2	9.5	3.3%	-5.7%
<b>FHB Consolidated</b>	<b>803.9</b>	<b>757.9</b>	<b>763.2</b>	<b>0.7%</b>	<b>-5.1%</b>

### Changes in key position

The Annual General Meeting of the Company on 24<sup>th</sup> April 2013 elected Deloitte Hungary Audit and Consulting Ltd. for the auditor for 2013 (location: 1068 Budapest, Dózsa György str. 84/C; reg. number: 01-09-071057; chamber membership number: 000083; HFSA number: T-000083/94). The appointed auditor responsible is Tamás Horváth (mother's name: Veronika Grósz; birth place, date: Budapest, 08/03/1969; location: 1029 Budapest, Ördögárok str. 100; chamber membership number: 003449; HFSA number: E003449).

The Annual General Meeting of the Company re-elected Dr Zoltán Spéder, Dr Christian Riener, Gyula Köbli and Tamás Foltányi as members of Board of Directors. Gabriella Balogh, Gábor Gergő Soltész and Ákos Starcz were elected as new Board members. Tibor Kádár was elected as member of Supervisory Board.

### Post-balance sheet date events

The Bank signed a contract on 8 July 2013 to buy 100% of ordinary shares of the Diófa Alapkezelő Zrt. (Diófa Fund Management Ltd.). The specified contractual conditions required for the effective transfer of the shares must be satisfied by the parties until 15 September 2013.

On May 14, 2013, FHB Mortgage Bank announced, that as a result of several months of negotiations, FHB has signed a letter of intent on 30 April, 2013 with the shareholders representing more than 76% stake in Díjbeszedő Holding Ltd. (DBH) on long term exclusive strategic cooperation and the change of ownership of DBH.

In compliance with this, on 10 July 2013, FHB signed a purchase agreement with the majority shareholders – and later on with the other owners – of Díjbeszedő Holding Ltd. (“DBH”), to the business shares of Díjbeszedő Üzemeltetési és Szolgáltatási Kft. (in English: Díjbeszedő Operational and Service Limited Liability Company; hereinafter the “DÜSZ Llc.”) that will come into being after a demerge from DBH. In course of the demerge DÜSZ shall own 51% of the shares of Díjbeszedő Faktorház Co. Plc., 75% of the shares of DíjNET Ltd. and 50% of the shares of Díjbeszedő Informatikai Llc.

Related to the transaction of the business shares and the shares, FHB and the Magyar Posta enter into a strategic cooperation, and in the scope of that they shall cooperate in the ownership and control of DÜSZ Llc., DBH and the Jointly Controlled Companies, furthermore in course of the harmonization of the business activities of DÜSZ Llc. and the members of the DBH Group. By the Syndicate Agreement, FHB and the



Magyar Posta also conclude an agreement on strategic cooperation. The Syndicate Agreement was signed by the Parties on 31 July 2013, and will come into effect at the closing of the transaction.

By signing the Syndicate Agreement, the Parties also agree to acquire additional shares by exchange of shares. Accordingly, FHB will acquire 50% of shares of Magyar Posta Befektetési Zrt. (Hungarian Post Investment Services Ltd., hereinafter the "MPB Ltd."). The MPB Ltd., which is subject to the provisions of rules on companies jointly owned by the Parties according to the Syndicate Agreement, intends to sell investment products and provide such investment services to clients at post offices.

Depending on the fulfilment of numerous usual and standard requirements, in case of the Transaction the closing may be finalized until 30 September 2013, and in case of the agreement on the exchange of shares of DÍJNET Ltd. and the MPB Ltd. may be closed within 8 days after that in accordance with the purpose of the contracts.

### III. ANALYSIS OF FHB MORTGAGE BANK PLC.'S CONSOLIDATED FINANCIAL STATEMENTS ACCORDING TO IFRS

#### 1. P&L structure

in HUF million	Q2 2012	Q1 2013	Q2 2013	Q2 2013/ Q1 2013	Q2 2013/ Q2 2012	H1 2012	H1 2013	H1 2013/ H1 2012
Interest income	19,509	17,383	15,914	-8.5%	-18.4%	39,846	33,297	-16.4%
Interest expense	-14,705	-13,110	-11,515	-12.2%	-21.7%	-29,428	-24,625	-16.3%
<b>Net interest income</b>	<b>4,804</b>	<b>4,273</b>	<b>4,399</b>	<b>3.0%</b>	<b>-8.4%</b>	<b>10,418</b>	<b>8,671</b>	<b>-16.8%</b>
Fees and commissions income	867	1,037	1,184	14.2%	36.5%	2,029	2,221	9.4%
Fees and commissions expense	-240	-182	-174	-4.2%	-27.4%	-498	-356	-28.5%
<b>Net fees and commissions</b>	<b>628</b>	<b>855</b>	<b>1,010</b>	<b>18.2%</b>	<b>60.9%</b>	<b>1,532</b>	<b>1,865</b>	<b>21.8%</b>
Foreign exchange gains, net	-449	1,567	-1,070	-168.3%	138.4%	-1,768	497	-
Fair value adjustment	3,396	-1,556	-909	-41.6%	-126.8%	2,999	-2,465	-
Gain on securities, net	294	316	261	-17.5%	-11.3%	1,940	577	-70.3%
<b>Net trading result</b>	<b>3,242</b>	<b>328</b>	<b>-1,718</b>	<b>-</b>	<b>-153.0%</b>	<b>3,172</b>	<b>-1,391</b>	<b>-143.8%</b>
Other non-interest income	234	323	295	-8.7%	26.1%	340	617	81.7%
Other non-interest expenses	-1,055	-950	-1,293	36.2%	22.6%	-2,050	-2,243	9.4%
o/w special banking tax	-706	-706	-1,000	41.6%	41.6%	-1,413	-1,707	20.8%
<b>Other results</b>	<b>-821</b>	<b>-627</b>	<b>-999</b>	<b>59.3%</b>	<b>21.6%</b>	<b>-1,710</b>	<b>-1,626</b>	<b>-4.9%</b>
<b>Total non-interest income (with net fees)</b>	<b>3,048</b>	<b>555</b>	<b>-1,707</b>	<b>-</b>	<b>-156.0%</b>	<b>2,993</b>	<b>-1,151</b>	<b>-138.5%</b>
<b>Net operating income</b>	<b>7,852</b>	<b>4,828</b>	<b>2,692</b>	<b>-44.2%</b>	<b>-65.7%</b>	<b>13,411</b>	<b>7,520</b>	<b>-43.9%</b>
<b>Provision for impairment on loan losses</b>	<b>-3,435</b>	<b>-2,652</b>	<b>-1,284</b>	<b>-51.6%</b>	<b>-62.6%</b>	<b>-4,423</b>	<b>-3,935</b>	<b>-</b>
Personnel expenses	-1,397	-1,526	-1,539	0.8%	10.1%	-2,902	-3,065	5.6%
Banking operation cost	-1,804	-1,755	-1,792	2.1%	-0.7%	-3,547	-3,547	0.0%
Cost of business activity	-95	-81	-158	94.0%	67.0%	-226	-239	6.1%
Depreciation	-612	-622	-630	1.3%	2.9%	-1,244	-1,251	0.6%
Other tax payable	-146	-373	-552	47.8%	278.2%	-309	-926	199.2%
<b>Operating costs</b>	<b>-4,054</b>	<b>-4,358</b>	<b>-4,670</b>	<b>7.2%</b>	<b>15.2%</b>	<b>-8,228</b>	<b>-9,029</b>	<b>9.7%</b>
<b>Income before income taxes</b>	<b>363</b>	<b>-2,182</b>	<b>-3,262</b>	<b>49.5%</b>	<b>-</b>	<b>760</b>	<b>-5,444</b>	<b>-</b>
Income taxes	-309	593	258	-56.5%	-183.5%	-693	850	-222.8%
<b>After tax profit</b>	<b>54</b>	<b>-1,589</b>	<b>-3,004</b>	<b>89.0%</b>	<b>-</b>	<b>68</b>	<b>-4,594</b>	<b>-</b>
<b>After tax profit w/o special banking tax</b>	<b>760</b>	<b>-883</b>	<b>-2,004</b>	<b>126.9%</b>	<b>-</b>	<b>1,480</b>	<b>-2,887</b>	<b>-</b>

in HUF million	2012 Q2	2013 Q1	2013 Q2	2013 Q2/ 2013 Q1	2013 Q2/ 2012 Q2	2012 H1	2013 H1	2013 H1 / 2012 H1
<i>Basic EPS (yearly, HUF)</i>	6.5	-97.7	-182.7	-	-	2.1	-140.5	-
<i>Diluted EPS (yearly, HUF)</i>	6.5	-97.7	-182.7	-	-	2.1	-140.5	-
<i>Net interest margin</i>	2.43%	2.37%	2.43%	0.07%-pt	0.00%-pt	2.58%	2.34%	-0.23%-pt
<i>ROAA</i>	0.03%	-0.88%	-1.66%	-0.78%-pt	-1.69%-pt	0.02%	-1.24%	-1.26%-pt
<i>ROAE</i>	0.40%	-8.39%	-15.86%	-7.46%-pt	-16.26%-pt	0.25%	-12.07%	-12.33%-pt
<i>ROAA w/o special banking tax</i>	0.38%	-0.49%	-1.11%	-0.62%-pt	-1.49%-pt	0.37%	-0.78%	-1.15%-pt
<i>ROAE w/o special banking tax</i>	5.70%	-4.66%	-10.58%	-5.91%-pt	-16.28%-pt	5.56%	-7.59%	-13.14%-pt

The Bank's consolidated profit after tax by IFRS amounted to 3.0 billion HUF loss in Q2 2013, and 4.6 billion HUF loss as of H1 2013 showing significant decline compared to previous periods.

Without the special banking tax, FHB Group's consolidated results show also losses, for Q2 2013 losses by IFRS would have been 2.0 billion HUF, and as of H1 2013 it would have been 2.9 billion HUF.

Beside 1.4 billion HUF of special banking tax (for the first half of the year) and payment obligation of 294 million HUF to compensate the lack of financial transaction levy, financial institution levy related to exchange rate protection scheme and non-shifted financial transaction levy had negative impact on the result as extraordinary (one-off) items by 2 billion HUF.

### *Net interest income*

Net interest income was 4.4 billion HUF in Q2 2013, 8.4% down to the result achieved in the Q2 2012 reference period, but improved by 3.0% quarterly. The net figure emerged as a balance of 15.9 billion HUF interest income (8.5% down from the figure of Q1 2013, and 18.4% weaker than figures of Q2 2012) and 11.5 billion HUF interest expense (q/q: 12.2%, y/y: -21.7%). Fall of expenses was higher than incomes generating increase in net interest income compared to previous quarter.

As of results H1 2013 incomes and expenses equally decreased influencing fall in net result over 16%. Reduction of interest income was generated by fall in interest rates realised on FX and HUF loans (related to fixed-rate final repayments and general repayments) and lower interest incomes from swaps compared to previous quarter. Fall of interest expenses was due to lower interest expenses from swaps and issued securities and repayment of subordinated capital.

Distribution of interest income and expenses shows the following table:

	Q2 2012	Q1 2013	Q2 2013	2013 Q2 / 2013 Q1	2013 Q2 / 2012 Q2	H1 2012	H1 2013	H1 2013 / H1 2012
<b>Interest income</b>								
Loans	37.3%	37.6%	37.7%	0.0%-pt	0.4%-pt	36.8%	37.6%	0.8%-pt
Refinancing	10.1%	11.8%	11.8%	0.1%-pt	1.7%-pt	10.0%	11.8%	1.8%-pt
Mortgage bond interest subsidy	13.7%	13.7%	14.6%	1.0%-pt	0.9%-pt	14.0%	14.1%	0.1%-pt
Supplementary interest subsidy	1.2%	1.3%	1.5%	0.1%-pt	0.3%-pt	1.2%	1.4%	0.2%-pt
Securities and interbank activities	16.1%	12.0%	12.3%	0.2%-pt	-3.9%-pt	15.1%	12.2%	-2.9%-pt
Swap transactions	21.5%	23.5%	22.2%	-1.3%-pt	0.7%-pt	22.8%	22.9%	0.1%-pt
Other interest income	0.0%	0.0%	0.0%	-0.1%-pt	-0.1%-pt	0.0%	0.0%	0.0%-pt
<b>Interest expenses</b>								
Bonds issued	49.3%	50.7%	56.0%	5.3%-pt	6.7%-pt	53.1%	53.2%	0.1%-pt
Interbank activities	11.8%	14.2%	10.8%	-3.4%-pt	-1.0%-pt	7.6%	12.6%	5.0%-pt
State loan	2.1%	0.0%	0.0%	0.0%-pt	-2.1%-pt	2.6%	0.0%	-2.6%-pt
State loan interest expenses	0.0%	0.0%	0.0%	0.0%-pt	0.0%-pt	0.0%	0.0%	0.0%-pt
Customer deposits	18.0%	13.2%	14.8%	1.6%-pt	-3.3%-pt	17.4%	13.9%	-3.5%-pt
Derivatives	17.0%	20.0%	16.2%	-3.8%-pt	-0.8%-pt	17.6%	18.3%	0.6%-pt
Other interest expense	1.7%	1.9%	2.2%	0.3%-pt	0.5%-pt	1.7%	2.1%	0.3%-pt

The average net interest margin (NIM) was 2.43% in Q2 of 2013 compared to 2.37% in Q1 of 2013 and 2.43% in Q2 of 2012 showing improvement due to higher net interest income and lower average balance sheet total. 2.34% NIM as of H1 2013 dropped by 24 bps compared to H1 of 2012, 2.58%.

### *Net fee and commission income*

In Q2 of 2013, the Bank achieved a positive balance of 1,010.1 million HUF of income from, and expenditures on commissions and fees; 18.2% more than Q1 2013 figures and 60.9% higher than Q2 2012. Growth of incomes was generated by insurances sold and partially shifted financial transaction levy (PTI), but net fees and commissions adjusted by PTI performed growth quarter-on-quarter and year-on-year (+15%, +28%).

Compared to previous quarter, fees and commissions from insurances and PTI increased, but fees related to mortgage loans and bank accounts decreased. Among expenses, agents' fees also dropped quarterly.

Income from fees and commissions in Q2 of 2013 was 1,184.2 million HUF, of which 17.8% was contributed by charges related to loans (21.9% in Q1 of 2013), and 28.2% by accounts and card related banking charges (37.6% in Q1 of 2013). Commissions resulting from the strategic cooperation agreement signed with Allianz Insurance Company contributed 18.3% to income from fees and commissions in the reported quarter (13.8% in Q1 of 2013). The fees as the contribution of financial transaction levy contributed 17.4% to fee income (Q1 of 2013 13.9%).

Agents' fees contributed 18.5% to the Q2 of 2013 expenditure on fees and commissions (Q1 of 2013: 11.5%); card related fees (92.4 million HUF) did not change significantly compared to the previous quarter.

#### *Net result of financial transactions*

In H1 of 2013 the balance of financial transactions was 1,390.6 million HUF loss that is down by 4,562.7 million HUF than in the H1 of 2012 achievement. In Q2 of 2013 the balance of financial transactions was 1,718.1 million HUF loss that is down by 2,045.7 million HUF than in Q1 of 2013.

As of Q2 2013 1,070.0 HUF of foreign exchange losses were significantly influenced by results from FX positions related to Tier 1 subordinated capital. Foreign exchange losses are deeply below figures of previous quarter (1,567.0 HUF gain).

In Q2 of 2013 the changes in the value of securities reported at fair value against earnings was 909.0 million HUF loss, as opposed to the 1,555.7 million HUF loss achieved in Q1 of 2013, and it's significantly worse than a year before.

In Q2 of 2013, securities transactions resulted in 260.9 million HUF profit as opposed to 316.2 million HUF in Q1 of 2013.

#### *Other operating income and expenditure*

In H1 of 2013 the balance of other operating income and expenditure was 1,625.7 million HUF net expenditure arising from 617.3 million HUF income and 2,243.0 million HUF expenditure. As of Q2 2013 other operating results were 998.8 million HUF losses from 294.6 million HUF of income and 1,293.3 million HUF of expenses. Other results are worse by 177.4 million HUF than a year before, and by 371.8 million HUF weaker than the previous quarter.

In Q2 of 2013 real estate related income contributed 24.3%, or 83.6 million HUF to other operating income (real estate rent, revaluation). In Q1 of 2013 real estate related income amounted to 101.5 million HUF. 58.8% of other incomes are related to dividend not taken up by shareholders.

79.2% of other expenditure was contributed by the special tax (706 million HUF), and payment obligation of 294 million HUF to compensate the lack of financial transaction levy. On the other expenditures side, 114 million HUF annuity payments were reported.

#### *Impairments and provisions for possible loan losses*

3.9 billion HUF of risk costs performed by 11% better figures than a year before, while 1.2 billion HUF of Q2 2013 improved by 51.6% quarter-on-quarter, and by 62.6% year-on-year. Improvement was related to lower volume of provisions for loan losses having better loan portfolio quality compared to Q1 2013. Among loan

losses 680 million HUF losses were reported due to closed transactions covered by real estates sold to National Asset Management Company.

#### *Operating expenses*

Operating costs amounted to 9.0 billion HUF in H1 2013 (2013 q1: 4.4 billion HUF, Q2: 4.7 billion HUF) which is 9.7% higher than the same period in 2012. Growth was mainly generated by financial institution levy and other fees and taxes. Compared to the previous quarter 7.2% increase was realised.

Cost-to-income ratio (CIR) was 173.5% in Q2 of 2013 (as opposed to 51.6% in Q2 2012 and 90.3% in Q1 2013). Adjusting special banking tax, CIR was 126.5% in Q2 2013, while 47.4% in Q2 2012, and 78.7% in Q1 2013. Weakening of CIR was influenced by declining incomes. Growth of operating expenses in H1 adjusted by credit institutions levy related to exchange rate protection scheme and financial transaction levy 2013 would have been 1.8% year-on-year, and 3.1% quarterly.

The contribution of personnel expenses to total operating costs was 32.9% in Q2 2013, 160 bps lower than 34.5% in Q2 2012, 36.3% of Q1 2013 was higher also. Administrative expenses in Q2 2013 slightly decreased year-on-year, but quarterly 2.1% growth can be seen generated by dropping expenses of consultancy fees and seasonality in marketing expenses.

Expenses of business activity show significant change year-on-year and quarterly either. 158 million HUF of expenses in Q2 2013 are 67.0% higher than a year before and 94.0% op to Q1 2013.

Depreciation was 630 million HUF in Q2 of 2013, no material change occurred compared to basis periods. Approximately three-quarters of depreciation are related to intangibles.

Other taxes paid reported among operating costs amounted to 552 million HUF in Q2 2013 (Q1 2013: 374 million HUF, Q2 2012: 146 million HUF). Increase of credit institutions levy was related to the FX rate protection scheme, as total losses realised on exchange rate protection program are reimbursed by the state to the bank, than 50% of these amount is to be paid as credit institutions levy – causing significant yearly increase of operating expenses.

## 2. Balance Sheet

in HUF million	30/06/2012	31/03/2013	30/06/2013	30/06/2013 / 31/03/2013	30/06/2013 / 30/06/2012
Cash	2,119	2,191	1,806	-17.6%	-14.8%
Due from banks & NBH	37,438	33,631	31,797	-5.5%	-15.1%
Financial assets available for sale and held for trading at fair value	193,411	126,180	181,395	43.8%	-6.2%
Fair value of derivative financial assets	4,462	2,141	1,485	-30.6%	-66.7%
Refinanced mortgage loans	178,821	159,785	148,842	-6.8%	-16.8%
Loans and advances to consumers	380,766	378,764	365,781	-3.4%	-3.9%
Impairment and provision	-34,321	-40,330	-39,372	-2.4%	14.7%
Tangible assets	6,126	5,862	5,750	-1.9%	-6.1%
Goodwill and other intangible assets	13,343	12,342	11,927	-3.4%	-10.6%
Other assets	27,451	29,864	29,621	-0.8%	7.9%
<b>Total Assets</b>	<b>809,618</b>	<b>710,429</b>	<b>739,032</b>	<b>4.0%</b>	<b>-8.7%</b>
<b>Liabilities total</b>	<b>755,859</b>	<b>634,368</b>	<b>663,103</b>	<b>4.5%</b>	<b>-12.3%</b>
Interbank borrowings	117,676	109,900	112,660	2.5%	-4.3%
Mortgage bonds	259,862	234,685	234,971	0.1%	-9.6%
Bonds issued	118,579	103,707	110,777	6.8%	-6.6%
Deposits	154,651	139,834	168,957	20.8%	9.3%
State loans	29,014	0	0	-	-100.0%
Fair value of derivatives	26,577	25,746	17,146	-33.4%	-35.5%
Leasing liability	10,518	10,704	9,449	-11.7%	-10.2%
Reserves for annuity	2,301	2,460	2,420	-1.6%	5.2%
Other liabilities	7,138	7,332	6,722	-8.3%	-5.8%
Subordinated debt	29,542	0	0	-	-100.0%
<b>Shareholders' equity</b>	<b>53,759</b>	<b>76,061</b>	<b>75,929</b>	<b>-0.2%</b>	<b>41.2%</b>
Subscribed capital	6,600	6,600	6,600	0.0%	0.0%
Capital reserve	1,709	1,709	1,709	0.0%	0.0%
Treasury shares	-29	-29	-29	0.0%	0.0%
Cash-flow hedge reserve	-7	0	0	-	-100.0%
Subordinated capital	0	28,923	31,749	9.8%	-
Option	0	0	8	-	-
Other reserves	432	107	145	35.8%	-66.4%
Retained earnings	44,986	40,340	40,340	0.0%	-10.3%
Balance sheet profit	68	-1,589	-4,594	189.0%	-
<b>Total liabilities and shareholders' equity</b>	<b>809,618</b>	<b>710,429</b>	<b>739,032</b>	<b>4.0%</b>	<b>-8.7%</b>

As of 30 June 2013, the Bank's consolidated balance sheet total by IFRS amounted to 739.0 billion HUF, 4.0% up the end of previous quarter, and by 70.6 billion HUF, or 8.7%, below the balance sheet total as of 30 June 2012.

The decline on the assets side, compared to the reference figures as of 30 June 2012, was the joint result of interbank deposits dropped by 15.1%, refinanced loans by 16.8% but impairment and provision increased by 14.7%. Compared to the previous quarter securities' portfolio significantly increased by 43.8%.

Liabilities decreased by 12.3% compared to the reference figures of H1 2012. Significant decrease was generated primarily by repayment of state loan and subordinated loan capital. Mortgage bonds issued and interbank borrowings showed significant decline. Deposits grew by 9.3% year-on-year.

Shareholders' equity grew by 22.2 billion HUF year-on-year as Tier 1 subordinated bonds are reported as part of shareholder's equity.

### *Interest earning assets*

The Group's interest earning assets decreased from 790.4 billion HUF as of 30 June 2012 to 727.8 billion HUF as of 30 June 2013. Interest earning assets contributed 98.5% to the balance sheet total.

NBH and other interbank lending decreased from 37.4 billion HUF as of 30 June 2012 to 31.8 billion HUF as of 30 June 2013. The item contributed 4.4% to interest earning assets as of 30 June 2013.

The value of Bank's securities available for sale and held for trading at fair value decreased from 193.4 billion HUF as of 30 June 2012 to 181.4 billion HUF as of 30 June 2013; while as of 31 March 2013 amounted to 126.2 billion HUF. Contribution of securities available for sale to interest earning assets was 20.4% in Q1 2013. Securities available for sale include NBH bonds amounting to 6.5 billion HUF, discount treasury bills amounting to 98.3 billion HUF and government bonds amounting to 14.4 billion HUF. As of 30 June 2013, the Bank held a portfolio of securities held for trading (32.6 billion HUF), which contributed 4.5% to interest earning assets.

### *Loans*

As of 30 June 2013, the volume of loans was 3.9% down year-on-year (adjusted by FX changes it was 1.2%), that's similar to quarterly changes. Impairment to cover loan losses grew from 34.3 billion HUF as of 30 June 2012 to 39.4 billion HUF as of 30 June 2013, but last quarter showed 2.4% decrease. Fall of provisions in last quarter was influenced – beside FX changes – by closing transactions bought (and paid) by National Asset Management Company and cleaning the portfolio by two large corporate transactions.

The year-on-year decline in refinanced loans was 16.8% and there was also a 6.8% drop in this item over the last quarter. As of 30 June 2013, the contribution of refinanced loans and gross own lending was 70.7% in interest earning assets.

The collateral value of real estate covering ordinary collaterals amounted to 925.2 billion HUF as of 30 June 2013, 2.9% down compared to 31 March 2013 (952.5 billion HUF) and 10.8% below the 30 June 2012 value (1.037 billion HUF). The LTV ratio applicable for ordinary collateral was 35.9% as of 30 June 2013, lower than the 36.5% LTV as of 30 June 2012.

### *Portfolio quality*

The ratio of non-performing loans continued increasing, however, the total volume of non-performing loans decreased. NPL ratio has been growing to 20.7% by 30 June 2013 from 20.5% as of 30 June 2012. Coverage of non-performing loans was 52.0%, similar to previous quarter.

### *Other assets*

Tangible assets amounted to 5.8 billion HUF as of 30 June 2013 and decreased by 377 million HUF year-on-year and by 112 million HUF quarter-on-quarter. As of 30 June 2013, intangibles amounted to 11.9 billion HUF, by 1.4 billion HUF or 10.6% down year-on-year and 415 million HUF (-3.4%) below the 30 June 2012 figure.

Other assets amounted to 29.6 billion HUF as of 30 June 2013, increasing by 7.9% (2.2 billion HUF). Deferred tax assets reached 7.6 billion HUF. Investment properties amounted to 11.5 billion HUF. Real estates displayed among inventories contributed to other assets 7.5%.

### *Interest bearing liabilities*

Interest bearing liabilities dropped from 709.3 billion HUF as of 30 June 2012 to 627.4 billion HUF as of 30 June 2013 representing approximately 84.9% to the balance sheet total. The majority of interest bearing liabilities was contributed by securities issued and deposits from clients, furthermore interbank borrowings grown significantly in the year.

#### *Interbank funds*

As of 30 June 2013, interbank funds amounted to 112.7 billion HUF showing +2.5% change compared to previous quarter, but volume was 4.3% down year-on-year containing also 2 years covered loan facility issued by Hungarian National Bank to stimulate corporate lending and disbursed loans within the framework of Funding for Growth Scheme (NHP). Contribution of interbank borrowings to interest bearing liabilities was 18.0% as of 30 June 2013.

#### *CMBs issued*

The contribution of covered mortgage bonds to the Bank's interest bearing liabilities was 37.5% as of 30 June 2013, ratio increase year-on-year. 235.0 billion HUF book value of mortgage bonds as of 30 June 2013 was by 9.6% or 25.0 billion HUF down from figures of 30 June 2012 (260.0 billion HUF).

in HUF million	30/06/2012		30/06/2013	
	Book value	Nominal value	Book value	Nominal value
<b>Non-listed mortgage bonds</b>				
Fixed	66,552	66,368	66,025	65,868
Floating	288	288	295	295
<b>Listed mortgage bonds</b>				
Fixed	150,040	150,970	146,645	145,779
Floating	32,848	34,817	11,992	12,426
<b>Total</b>	<b>249,728</b>	<b>252,443</b>	<b>224,957</b>	<b>224,368</b>
<b>Accrued interest</b>	10,134		10,014	
<b>Mortgage bonds Total</b>	<b>259,862</b>	<b>252,443</b>	<b>234,971</b>	<b>224,368</b>
<b>Non-listed bonds</b>				
Fixed	53,024	53,082	54,532	54,202
Floating	3,248	3,230	6,657	6,572
<b>Listed bonds</b>				
Fixed	55,195	56,722	41,735	42,938
Floating	1,016	1,026	3,001	2,995
<b>Total</b>	<b>141,893</b>	<b>143,471</b>	<b>105,924</b>	<b>106,708</b>
<b>Accrued interest</b>	6,229		4,852	
<b>Bonds Total</b>	<b>148,122</b>	<b>143,471</b>	<b>110,776</b>	<b>106,708</b>

#### *Mortgage bonds collateral<sup>1</sup>*

The net collateral value of real estate covering mortgage bonds issued by FHB Mortgage Bank Plc. amounted to 512.7 billion HUF as of 30 June 2013 (333.1 billion HUF of capital and 179.6 billion HUF of interests), 5.5% less than the 542.3 billion HUF as of 30 June 2012 and 9.5% below the figure of 31 December 2013 (566.6 billion HUF).

<sup>1</sup> Non-consolidated data of FHB Mortgage Bank Plc. only, according to HAS



*The value of the group of assets involved as collateral as of 30 June 2013*

<b>Outstanding mortgage bonds in circulation</b>			
<b>in HUF million</b>	<b>30/06/2012</b>	<b>31/03/2013</b>	<b>30/06/2013</b>
Face value	317,897	302,927	297,736
Interest	83,120	74,590	64,933
<b>Total</b>	<b>401,016</b>	<b>377,517</b>	<b>362,669</b>
<b>Value of the regular collateral</b>			
Principal	380,089	346,405	333,090
Interest	221,777	195,915	179,615
<b>Total</b>	<b>601,866</b>	<b>542,321</b>	<b>512,705</b>
<b>Value of assets involved as supplementary collateral</b>			
Balance of the separate blocked account at the NBH - principal	0	6,000	0
<b>Total</b>	<b>0</b>	<b>6,000</b>	<b>0</b>

As of 30 June 2013, the present value of ordinary collateral was 380.3 billion HUF and the present value of mortgage bonds was 334.5 billion HUF, thus the present value of collateral exceeded that of CMBs in circulation not yet repaid. The combined present value of collateral to the combined value of mortgage bonds in circulation was 113.7% in the same period. As of 30 June 2013 net value of ordinary and supplementary collateral principal to the unpaid face value of mortgage bonds in circulation was 114.6%, and the net ordinary and supplementary collateral principal to the unpaid interest on mortgage bonds in circulation was 276.6%.

#### *Bonds issued*

The book value of bonds was 110.8 billion HUF as of 30 June 2013, compared to 31 March 2013 (103.7 billion HUF) increasing by 7.1 billion or 6.8%. The year-on-year decline was 6.6% or 7.8 billion HUF.

#### *Deposits*

As of 30 June 2013, deposits amounted to 169.0 billion HUF increasing by 9.3% year-on-year and 20.8% quarterly. In the last one year volume of corporate loans significantly increased, but retail loans performed reduction.

Both corporate and retail deposit portfolio increased in the last quarter – corporate volume grew by 41.7%. Among FHB Group's consolidated deposit portfolio dominant position of retail deposits diminished, corporate share in total deposit volume was around 52% at the end of the period.

#### *Other liabilities*

Other liabilities amounted to 6.7 billion HUF, within that liabilities generated in conjunction with settlements related to clients amounted to 929.3 million HUF. The Bank reported accounts payable (439.4 million HUF as of 30 June 2013), accruals (912.6 million HUF) and deferred taxes (586.9 million HUF).

#### *Shareholders' equity*

Within one year, shareholders' equity increased by 41.2% to 75.9 billion HUF as of 30 June 2013. In line with IFRS, the Bank reported the EUR 112 million Tier 1 subordinated bond as part of shareholder's equity, which is the main driver of the growth. Balance sheet loss was 4.6 billion HUF.

*Capital position*

Risk-weighted assets amounted to 316.8 billion HUF on 30 June 2013 (according to HAS), 3.0% lower than RWA in Q1 2013 and 0.5% lower year-on-year. FHB Group's capital requirement amounted to 34.4 billion HUF as of 30 June 2013.

Guarantee capital according to IFRS amounted to 63.4 billion HUF, so capital adequacy ratio was 14.72% (in Q1 2013: 14.40%, and 13.58% in Q2 2012).

## DECLARATION

This management report of FHB Jelzálogbank Nyrt. (FHB Mortgage Bank Plc.) is based on consolidated, non-audited IFRS financial statements.

FHB Jelzálogbank Nyrt. hereby declares that the figures and statements of this management report comply with reality, and it does not conceal any fact or information that would be substantial in the judgment of the issuer's position.

As issuer, FHB Jelzálogbank Nyrt. assumes exclusive liability for the contents of the Interim management report. FHB Jelzálogbank Nyrt. declares that it is liable as issuer for the reimbursement of losses caused by the omission and/or the misleading contents of regular and extraordinary information.

Budapest, 15<sup>th</sup> August, 2013

Mr. Gyula Köbli  
Chief Executive Officer

Mr. Gergő Soltész  
Deputy-CEO, Business

Name: FHB Mortgage Bank Plc.  
Address: 1082 Budapest, Üllői út 48.  
Sector: Financial services  
Reporting period: 01.01.2013 – 30.06.2013

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## Consolidated Financial Statements of FHB Mortgage Bank Plc. prepared in accordance with International Financial Reporting Standards (IFRS)

The consolidation fully applies also to FHB Kereskedelmi Bank Zrt. (FHB Commercial Bank Ltd.), FHB Ingatlan Zrt. (FHB Real Estate Ltd.) and FHB Életjáradék Ingatlanbefektető Zrt. (FHB Annuity Real Estate Investment Ltd), to FHB Ingatlanlizing Zrt. (FHB Real Estate Leasing Ltd.) and its Croatian affiliate (Central European Credit d.d.); and to "WODOMUS 54" Ingatlanfejlesztő Kft. (WODOMUS 54 Property Development Ltd.); Káry-Villa Ingatlanfejlesztő Kft (Káry-Villa Property Development Ltd.); FHB DWH Ltd. (formerly known as Portfolio Money cPlc.); Hitelunió Kft. (Creditunion Ltd.).

### Consolidated Income Statement 'A'

Table includes the special banking tax for the period of reporting pro rata

(consolidated non-audited data as of 30 June 2012 and of 30 June 2013 according to IFRS)

in HUF million	H1 2012	H1 2013	Y-o-Y
Interest income	39,846	33,297	-16.4%
Interest expense	-29,428	-24,625	-16.3%
<b>Net interest income</b>	<b>10,418</b>	<b>8,671</b>	<b>-16.8%</b>
Fee and commission income	2,029	2,221	9.4%
Fee and commission expense	-498	-356	-28.5%
<b>Net fee and commission income</b>	<b>1,532</b>	<b>1,865</b>	<b>21.8%</b>
Profit/(Loss) from FX transactions	-1,768	497	-
Change in fair value of financial instruments	2,999	-2,465	-
Gains from securities	1,940	577	-70.3%
<b>Net trading result</b>	<b>3,172</b>	<b>-1,391</b>	<b>-</b>
Other operating income	340	617	81.7%
Other operating expense	-2,050	-2,243	9.4%
<b>Operating income</b>	<b>13,411</b>	<b>7,520</b>	<b>-43.9%</b>
Provision for impairment on loan losses	-4,423	-3,935	-11.0%
General and administrative expense	-8,228	-9,029	9.7%
<b>Profit/(Loss) before tax</b>	<b>760</b>	<b>-5,444</b>	<b>-</b>
Income tax benefit/(expense)	-693	850	-
<b>Profit/(Loss) for the period</b>	<b>68</b>	<b>-4,594</b>	<b>-</b>

Basic EPS (yearly)	2.1 Ft	-140.5 Ft	-
Diluted EPS (yearly)	2.1 Ft	-140.5 Ft	-

Comprehensive income statement	2012 H1	2013 H1	Y-o-Y
Profit/(Loss) for the period	68	-4,594	-
Revaluation reserve	0	0	-
Change in cash-flow hedge reserve	-257	0	-
Change in fair value of financial assets available for sale	686	100	-85.4%
FX reserve	15	-1	-
Deferred tax effect for other comprehensive income	-81	49	-
Other comprehensive income/(loss) for the period net of taxes	363	148	-59.2%
<b>Total comprehensive income/(loss) for the period, net of taxes</b>	<b>431</b>	<b>-4,446</b>	<b>-</b>

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## Consolidated Income Statement (quarterly) “A”

### Table includes the special banking tax for the period of reporting pro rata

(consolidated non-audited data as of 30 June 2012, 31 March 2013 and of 30 June 2013 according to IFRS)

in HUF million	Q2 2012	Q1 2013	Q2 2013	Q-o-Q	Y-o-Y
Interest income	19,509	17,383	15,914	-8.5%	-18.4%
Interest expense	-14,705	-13,110	-11,515	-12.2%	-21.7%
<b>Net interest income</b>	<b>4,804</b>	<b>4,273</b>	<b>4,399</b>	<b>3.0%</b>	<b>-8.4%</b>
Fee and commission income	867	1,037	1,184	14.2%	36.5%
Fee and commission expense	-240	-182	-174	-4.2%	-27.4%
<b>Net fee and commission income</b>	<b>628</b>	<b>855</b>	<b>1,010</b>	<b>18.2%</b>	<b>60.9%</b>
Profit/(Loss) from FX transactions	-449	1,567	-1,070	-	138.4%
Change in fair value of financial instruments	3,396	-1,556	-909	-41.6%	-
Gains from securities	294	316	261	-17.5%	-11.3%
<b>Net trading result</b>	<b>3,242</b>	<b>328</b>	<b>-1,718</b>	<b>-</b>	<b>-</b>
Other operating income	234	323	295	-8.7%	26.1%
Other operating expense	-1,055	-950	-1,293	-	22.6%
<b>Operating income</b>	<b>7,852</b>	<b>4,828</b>	<b>2,692</b>	<b>-44.2%</b>	<b>-65.7%</b>
Provision for impairment on loan losses	-3,435	-2,652	-1,284	-51.6%	-62.6%
General and administrative expense	-4,054	-4,358	-4,670	7.2%	15.2%
<b>Profit/(Loss) before tax</b>	<b>363</b>	<b>-2,182</b>	<b>-3,262</b>	<b>49.5%</b>	<b>-</b>
Income tax benefit/(expense)	-309	593	258	-56.5%	-
<b>Profit/(Loss) for the period</b>	<b>54</b>	<b>-1,589</b>	<b>-3,004</b>	<b>89.0%</b>	<b>-</b>

Basic EPS (yearly)	6.5 Ft	-97.7 Ft	-182.7 Ft	86.9%	-
Diluted EPS (yearly)	6.5 Ft	-97.7 Ft	-182.7 Ft	86.9%	-

Comprehensive income statement	2012 Q2	2013 Q1	2013 Q2	Q-o-Q	Y-o-Y
Profit/(Loss) for the period	54	-1,589	-3,004	89.0%	-
Revaluation reserve	0	0	0	-	-
Change in cash-flow hedge reserve	-108	0	0	-	-
Change in fair value of financial assets available for sale	499	56	44	-21.4%	-
FX reserve	6	-4	3	-	-50.0%
Deferred tax effect for other comprehensive income	-74	58	-9	-	-87.8%
Other comprehensive income/(loss) for the period net of taxes	323	110	38	-65.5%	-88.2%
<b>Total comprehensive income/(loss) for the period, net of taxes</b>	<b>377</b>	<b>-1,479</b>	<b>-2,966</b>	<b>100.5%</b>	<b>-</b>

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## Consolidated Income Statement 'B'

### Table includes the special banking tax for the entire business year

(consolidated non-audited data as of 30 June 2012 and of 30 June 2013 according to IFRS)

in HUF million	H1 2012	H1 2013	H1 2013/ H1 2012
Interest income	39,846	33,297	-16.4%
Interest expense	-29,428	-24,625	-16.3%
<b>Net interest income</b>	<b>10,418</b>	<b>8,671</b>	<b>-16.8%</b>
Fee and commission income	2,029	2,221	9.4%
Fee and commission expense	-498	-356	-28.5%
<b>Net fee and commission income</b>	<b>1,532</b>	<b>1,865</b>	<b>21.8%</b>
Profit/(Loss) from FX transactions	-1,768	497	-128.1%
Change in fair value of financial instruments	2,999	-2,465	-182.2%
Gains from securities	1,940	577	-70.3%
<b>Net trading result</b>	<b>3,172</b>	<b>-1,391</b>	<b>-143.8%</b>
Other operating income	340	617	81.7%
Other operating expense	-3,463	-3,950	14.1%
<b>Operating income</b>	<b>11,998</b>	<b>5,814</b>	<b>-51.5%</b>
Provision for impairment on loan losses	-4,423	-3,935	-11.0%
General and administrative expense	-8,228	-9,029	9.7%
<b>Profit/(Loss) before tax</b>	<b>-653</b>	<b>-7,151</b>	-
Income tax benefit/(expense)	-424	1,175	-377.0%
<b>Profit/(Loss) for the period</b>	<b>-1,077</b>	<b>-5,976</b>	-
Basic EPS (yearly)	-32.8 Ft	-182.7 Ft	-
Diluted EPS (yearly)	-32.8 Ft	-182.7 Ft	-

Comprehensive income statement	2012 H1	2013 H1	2013 H1/ 2012 H1
Profit/(Loss) for the period	-1,077	-5,976	-
Revaluation reserve	0	0	-
Change in cash-flow hedge reserve	-257	0	-100.0%
Change in fair value of financial assets available for sale	686	100	-85.4%
FX reserve	15	-1	-106.7%
Deferred tax effect for other comprehensive income	-81	49	-160.5%
Other comprehensive income/(loss) for the period net of taxes	363	148	-59.2%
<b>Total comprehensive income/(loss) for the period, net of taxes</b>	<b>-714</b>	<b>-5,828</b>	-

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## Consolidated Income Statement (quarterly) 'B'

### Table includes the special banking tax for the entire business year

(consolidated non-audited data as of 30 June 2012, 31 March 2013 and of 30 June 2013 according to IFRS)

in HUF million	Q2 2012	Q1 2013	Q2 2013	Q2 2013 / Q1 2013	Q2 2013 / Q2 2012
Interest income	19,509	17,383	15,914	-8.5%	-18.4%
Interest expense	-14,705	-13,110	-11,515	-12.2%	-21.7%
<b>Net interest income</b>	<b>4,804</b>	<b>4,273</b>	<b>4,399</b>	<b>3.0%</b>	<b>-8.4%</b>
Fee and commission income	867	1,037	1,184	14.2%	36.5%
Fee and commission expense	-240	-182	-174	-4.2%	-27.4%
<b>Net fee and commission income</b>	<b>628</b>	<b>855</b>	<b>1,010</b>	<b>18.2%</b>	<b>60.9%</b>
Profit/(Loss) from FX transactions	-449	1,567	-1,070	-168.3%	138.4%
Change in fair value of financial instruments	3,396	-1,556	-909	-41.6%	-126.8%
Gains from securities	294	316	261	-17.5%	-11.3%
<b>Net trading result</b>	<b>3,242</b>	<b>328</b>	<b>-1,718</b>	<b>-624.6%</b>	<b>-</b>
Other operating income	234	323	295	-8.7%	26.1%
Other operating expense	-349	-3,069	-881	-	152.6%
<b>Operating income</b>	<b>8,558</b>	<b>2,709</b>	<b>3,104</b>	<b>14.6%</b>	<b>-63.7%</b>
Provision for impairment on loan losses	-3,435	-2,652	-1,284	-51.6%	-62.6%
General and administrative expense	-4,054	-4,358	-4,670	7.2%	15.2%
<b>Profit/(Loss) before tax</b>	<b>1,069</b>	<b>-4,301</b>	<b>-2,850</b>	<b>-33.7%</b>	<b>-</b>
Income tax benefit/(expense)	-443	995	180	-	-
<b>Profit/(Loss) for the period</b>	<b>626</b>	<b>-3,306</b>	<b>-2,670</b>	<b>-19.2%</b>	<b>-</b>

Basic EPS (yearly)	41.5 Ft	-203.3 Ft	-162.4 Ft	-20.1%	-
Diluted EPS (yearly)	41.5 Ft	-203.3 Ft	-162.4 Ft	-20.1%	-

Comprehensive income statement	2012 Q2	2013 Q1	2013 Q2	Q2 2013 / Q1 2013	Q2 2013 / Q2 2012
Profit/(Loss) for the period	626	-3,306	-2,670	-19.2%	-
Revaluation reserve	0	0	0	-	-
Change in cash-flow hedge reserve	-108	0	0	-	-
Change in fair value of financial assets available for sale	499	56	44	-21.4%	-91.2%
FX reserve	6	-4	3	-	-50.0%
Deferred tax effect for other comprehensive income	-74	58	-9	-	-87.8%
Other comprehensive income/(loss) for the period net of taxes	323	110	38	-65.5%	-88.2%
<b>Total comprehensive income/(loss) for the period, net of taxes</b>	<b>949</b>	<b>-3,196</b>	<b>-2,632</b>	<b>-17.6%</b>	<b>-</b>

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## Consolidated Financial Position 'A'

### Table includes the special banking tax for the period of reporting pro rata

(consolidated audited data as of 31 December 2012 and non-audited data as of 30 June 2012, 31 March 2013 and of 30 June 2013 according to IFRS)

in HUF million	30/06/2012	31/12/2012	31/03//2013	30/06/2013	30/06/2013/ 31/03//2013	30/06/2013/ 30/06/2012
Cash	2,119	2,164	2,191	1,806	-17.6%	-14.8%
Due from banks & NBH	37,438	33,981	33,631	31,797	-5.5%	-15.1%
Financial assets held for trading at fair value	5,456	7,815	13,502	32,574	141.3%	-
Financial assets available for sale at fair value	187,955	158,848	112,678	148,822	32.1%	-20.8%
Fair value of derivative financial assets	4,462	4,344	2,141	1,485	-30.6%	-66.7%
Refinanced mortgage loans	178,821	164,990	159,785	148,842	-6.8%	-16.8%
Loans and advances to consumers	380,766	371,931	378,764	365,781	-3.4%	-3.9%
Impairment and provision	-34,321	-37,348	-40,330	-39,372	-2.4%	14.7%
Investment property	11,279	11,463	11,533	11,457	-0.7%	1.6%
Tangible assets	6,126	5,961	5,862	5,750	-1.9%	-6.1%
Goodwill and other intangible assets	13,343	12,753	12,342	11,927	-3.4%	-10.6%
Deferred tax asset	6,079	6,396	7,154	7,560	5.7%	24.4%
Other assets	10,094	9,326	11,177	10,604	-5.1%	5.1%
<b>Total assets</b>	<b>809,618</b>	<b>752,625</b>	<b>710,429</b>	<b>739,032</b>	<b>4.0%</b>	<b>-8.7%</b>
Due to banks	99,861	92,781	91,948	94,689	3.0%	-5.2%
Issued securities	278,983	252,681	256,657	268,481	4.6%	-3.8%
Mortgage bonds	212,611	191,897	194,174	199,488	2.7%	-6.2%
Bonds	66,372	60,784	62,483	68,993	10.4%	3.9%
Deposits	154,651	152,206	139,834	168,957	20.8%	9.3%
State loans	29,014	0	0	0	-	-100.0%
Derivative financial liabilities at fair value	26,577	23,184	25,746	17,146	-33.4%	-35.5%
Financial liabilities at fair value through profit and loss	117,274	104,888	99,686	95,236	-4.5%	-18.8%
Leasing liability	10,518	11,029	10,704	9,449	-11.7%	-10.2%
Reserve for annuity payments	2,301	2,410	2,460	2,420	-1.6%	5.2%
Current tax liability	28	42	50	16	-67.6%	-41.3%
Deferred tax liability	650	643	617	587	-4.9%	-9.7%
Provisions	193	173	201	232	15.8%	20.0%
Other liabilities	6,267	3,922	6,464	5,887	-8.9%	-6.1%
Subordinated debt	29,542	31,126	0	0	-	-100.0%
<b>Total liabilities</b>	<b>755,859</b>	<b>675,084</b>	<b>634,368</b>	<b>663,103</b>	<b>4.5%</b>	<b>-12.3%</b>
Share capital	6,600	6,600	6,600	6,600	0.0%	0.0%
Share premium	1,709	1,709	1,709	1,709	0.0%	0.0%
Treasury shares	-29	-29	-29	-29	0.0%	0.0%
Subordinated Tier 1 capital	0	28,923	28,923	31,749	9.8%	-
Cash-flow hedge reserve	-7	0	0	0	-	-
Other reserves	432	-2	107	153	35.8%	-66.4%
Retained earnings	44,986	44,986	40,340	40,340	0.0%	-10.3%
Balance sheet profit	68	-4,646	-1,589	-4,594	189.0%	-
<b>Total shareholders' equity</b>	<b>53,759</b>	<b>77,541</b>	<b>76,061</b>	<b>75,929</b>	<b>-0.2%</b>	<b>41.2%</b>
<b>Total liabilities and shareholders' equity</b>	<b>809,618</b>	<b>752,625</b>	<b>710,429</b>	<b>739,032</b>	<b>4.0%</b>	<b>-8.7%</b>



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## Consolidated Financial Position 'B'

### Table includes the special banking tax for the entire business year

(consolidated audited data as of 31 December 2012 and non-audited data as of 30 June 2012, 31 March 2013 and of 30 June 2013 according to IFRS)

in HUF million	30/06/2012	31/12/2012	31/03//2013	30/06/2013	30/06/2013/ 31/03//2013	30/06/2013/ 30/06/2012
Cash	2,119	2,164	2,191	1,806	-17.6%	-14.8%
Due from banks & NBH	37,438	33,981	33,631	31,797	-5.5%	-15.1%
Financial assets held for trading at fair value	5,456	7,815	13,502	32,574	141.3%	-
Financial assets available for sale at fair value	187,955	158,848	112,678	148,822	32.1%	-20.8%
Fair value of derivative financial assets	4,462	4,344	2,141	1,485	-30.6%	-66.7%
Refinanced mortgage loans	178,821	164,990	159,785	148,842	-6.8%	-16.8%
Loans and advances to consumers	380,766	371,931	378,764	365,781	-3.4%	-3.9%
Impairment and provision	-34,321	-37,348	-40,330	-39,372	-2.4%	14.7%
Investment property	11,279	11,463	11,533	11,457	-0.7%	1.6%
Tangible assets	6,126	5,961	5,862	5,750	-1.9%	-6.1%
Goodwill and other intangible assets	13,343	12,753	12,342	11,927	-3.4%	-10.6%
Deferred tax asset	6,347	6,396	7,556	7,885	4.3%	24.2%
Other assets	8,681	9,326	9,783	9,675	-1.1%	11.4%
<b>Total assets</b>	<b>808,474</b>	<b>752,625</b>	<b>709,437</b>	<b>738,427</b>	<b>4.1%</b>	<b>-8.7%</b>
Due to banks	99,861	92,781	91,948	94,689	3.0%	-5.2%
Issued securities	278,983	252,681	256,657	268,481	4.6%	-3.8%
Mortgage bonds	212,611	191,897	194,174	199,488	2.7%	-6.2%
Bonds	66,372	60,784	62,483	68,993	10.4%	3.9%
Deposits	154,651	152,206	139,834	168,957	20.8%	9.3%
State loans	29,014	0	0	0	-	-100.0%
Derivative financial liabilities at fair value	26,577	23,184	25,746	17,146	-33.4%	-35.5%
Financial liabilities at fair value through profit and loss	117,274	104,888	99,686	95,236	-4.5%	-18.8%
Leasing liability	10,518	11,029	10,704	9,449	-11.7%	-10.2%
Reserve for annuity payments	2,301	2,410	2,460	2,420	-1.6%	5.2%
Current tax liability	28	42	50	16	-67.6%	-41.3%
Deferred tax liability	650	643	617	587	-4.9%	-9.7%
Provisions	193	173	201	232	15.8%	20.0%
Other liabilities	6,267	3,922	7,189	6,664	-7.3%	6.3%
Subordinated debt	29,542	31,126	0	0		
<b>Total liabilities</b>	<b>755,859</b>	<b>675,084</b>	<b>635,093</b>	<b>663,880</b>	<b>4.5%</b>	<b>-12.2%</b>
Share capital	6,600	6,600	6,600	6,600	0.0%	0.0%
Share premium	1,709	1,709	1,709	1,709	0.0%	0.0%
Treasury shares	-29	-29	-29	-29	0.0%	-
Subordinated Tier 1 capital	0	28,923	28,923	31,749	9.8%	-
Cash-flow hedge reserve	-7	0	0	0	-	-
Other reserves	432	-2	107	153	-	-66.4%
Retained earnings	44,986	44,986	40,340	40,340	0.0%	-10.3%
Balance sheet profit	-1,077	-4,646	-3,306	-5,976	80.8%	-
<b>Total shareholders' equity</b>	<b>52,615</b>	<b>77,541</b>	<b>74,344</b>	<b>74,547</b>	<b>0.3%</b>	<b>41.7%</b>
<b>Total liabilities and shareholders' equity</b>	<b>808,474</b>	<b>752,625</b>	<b>709,437</b>	<b>738,427</b>	<b>4.1%</b>	<b>-8.7%</b>

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Investor relations: Beáta Lendvai

## Cash Flow Statement 'A'

### Table includes the special banking tax for the period of reporting pro rata

(consolidated audited data as of 31 December 2012 and non-audited data as of 30 June 2013 according to IFRS)

in HUF million	31/12/2012	30/06/2013
<b>Cash flow from operating activities</b>	0	0
<b>Profit/(loss) for the year</b>	<b>-4,464</b>	<b>-4,594</b>
<i>Non cash adjustments to net profit from:</i>	0	0
Depreciation and amortization	2,496	1,251
(Increase)/Decrease in fair value of Investment property	80	-45
Recognition of investment property through income statement	-60	-70
Provision for losses	-1,779	2,083
(Gain)/Loss on tangible assets derecognized	29	19
(Gain)/Loss on intangible assets derecognized	0	0
Share option reserve	-106	8
Share option	0	0
Capitalized interest	-994	-138
Fair value of derivatives	-39,177	-3,179
Fair value adjustment on financial liabilities through profit and loss	1,329	-432
Change in fair value of annuity reserve	540	224
Change in foreign currency translation reserve	11	-7
Impairment of goodwill and intangible assets	0	0
Leasing liabilities	0	0
<b>Operating profit before change in operating assets</b>	<b>-42,094</b>	<b>-4,881</b>
<i>Decrease/(Increase) in operating assets:</i>		
Financial assets held for trading	-5,983	-24,759
Financial assets available for sale	-72,960	10,181
Refinanced mortgage loans	61,900	16,148
Loans and advances to customers	49,323	6,284
Other assets	2,473	-2,438
<i>Increase/(Decrease) in operating liabilities:</i>	0	0
Deposits	-8,899	16,751
Due to banks	90,389	1,993
Other liabilities	-1,708	1,883
<b>Net cash flow from operating activities</b>	<b>72,440</b>	<b>21,162</b>
<b>Cash flow from investing activities</b>		
Proceeds from sales of tangible assets	33	2
Purchase of tangible and intangible assets	-800	-234
Purchase of investment property	-313	-90
Sale of investment property	141	211
Paid from reserves on annuity business	-395	-214
Net cash flow from acquisition of subsidiary	0	0
Net cash flow from disposal of subsidiaries	0	0
<b>Net cash flow from investing activities</b>	<b>-1,334</b>	<b>-325</b>
<b>Cash flow from financing activities</b>		
Proceed from issued securities	125,221	21,276
Principal repayment on issued securities	-193,993	-46,133
Treasury shares purchased	0	0
Long term loans repayment	-63,899	-285
Long term loan borrowings	219	517
Finance lease liabilities repayment	969	-1,580
	28,923	2,826
Tier 2 Subordinated loan capital	0	0
<b>Net cash flow from financing activity</b>	<b>-102,560</b>	<b>-23,379</b>
Net increase in cash and cash equivalents	-31,454	-2,541
Opening balance of cash and cash equivalents	67,599	36,145
<b>Closing balance of cash and cash equivalents</b>	<b>36,145</b>	<b>33,603</b>
<b>Breakdown of cash and cash equivalents:</b>		
Cash	2,164	1,806
Balances with National Bank of Hungary	5,117	2,332
Dues from banks with a maturity of less than 90 days	28,864	29,465
<b>Closing balance of cash and cash equivalents</b>	<b>36,145</b>	<b>33,603</b>
<i>Supplementary data</i>		
Tax paid	-1,429	-446
Interest received	76,639	31,827
Interest paid	-55,426	-26,384

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## Cash Flow Statement 'B'

### Table includes the special banking tax for the entire business year

(consolidated audited data as of 31 December 2012 and non-audited data as of 30 June 2013 according to IFRS)

in HUF million	31/12/2012	30/06/2013
<b>Cash flow from operating activities</b>		
<b>Profit/(loss) for the year</b>	<b>-4,464</b>	<b>-5,976</b>
<i>Non cash adjustments to net profit from:</i>		
Depreciation and amortization	2,496	1,251
(Increase)/Decrease in fair value of Investment property	80	-45
Recognition of investment property through income statement	-60	-70
Provision for losses	-1,779	2,083
(Gain)/Loss on tangible assets derecognized	29	19
(Gain)/Loss on intangible assets derecognized	0	0
Share option reserve	-106	8
Share option	0	0
Capitalized interest	-994	-138
Fair value of derivatives	-39,177	-3,179
Fair value adjustment on financial liabilities through profit and loss	1,329	-432
Change in fair value of annuity reserve	540	224
Change in foreign currency translation reserve	11	-7
Impairment of goodwill and intangible assets	0	0
Leasing liabilities	0	0
<b>Operating profit before change in operating assets</b>	<b>-42,094</b>	<b>-6,262</b>
<i>Decrease/(Increase) in operating assets:</i>		
Financial assets held for trading	-5,983	-24,759
Financial assets available for sale	-72,960	10,181
Refinanced mortgage loans	61,900	16,148
Loans and advances to customers	49,323	6,284
Other assets	2,473	-1,833
<i>Increase/(Decrease) in operating liabilities:</i>	0	0
Deposits	-8,899	16,751
Due to banks	90,389	1,993
Other liabilities	-1,708	2,660
<b>Net cash flow from operating activities</b>	<b>72,440</b>	<b>21,162</b>
<b>Cash flow from investing activities</b>		
Proceeds from sales of tangible assets	33	2
Purchase of tangible and intangible assets	-800	-234
Purchase of investment property	-313	-90
Sale of investment property	141	211
Paid from reserves on annuity business	-395	-214
Net cash flow from acquisition of subsidiary	0	0
Net cash flow from disposal of subsidiaries	0	0
<b>Net cash flow from investing activities</b>	<b>-1,334</b>	<b>-325</b>
<b>Cash flow from financing activities</b>		
Proceed from issued securities	125,221	21,276
Principal repayment on issued securities	-193,993	-46,133
Treasury shares purchased	0	0
Long term loans repayment	-63,899	-285
Long term loan borrowings	219	517
Finance lease liabilities repayment	969	-1,580
	28,923	2,826
Tier 2 Subordinated loan capital	0	0
<b>Net cash flow from financing activity</b>	<b>-102,560</b>	<b>-23,379</b>
Net increase in cash and cash equivalents	-31,454	-2,541
Opening balance of cash and cash equivalents	67,599	36,145
<b>Closing balance of cash and cash equivalents</b>	<b>36,145</b>	<b>33,603</b>
<b>Breakdown of cash and cash equivalents:</b>		
Cash	2,164	1,806
Balances with National Bank of Hungary	5,117	2,341
Dues from banks with a maturity of less than 90 days	28,864	29,456
<b>Closing balance of cash and cash equivalents</b>	<b>36,145</b>	<b>33,603</b>
<i>Supplementary data</i>		
Tax paid	-1,429	-446
Interest received	76,639	31,827
Interest paid	-55,426	-26,384

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## Statement of Shareholders' Equity 'A'

Table includes the special banking tax for the period of reporting pro rata

(consolidated non-audited data as of 30 June 2013 according to IFRS)

in HUF million	Share Capital	Treasury Shares	Share Premium	General reserve	Cash-flow hedge reserve	Share option reserve	Subordinated Tier 1 capital	Change in fair value (financial assets AFS)	Foreign currency transaction reserve	Retained earnings (deficit)	Shareholders' Equity
<b>1 January 2012</b>	<b>6,600</b>	<b>-29</b>	<b>1,709</b>	<b>0</b>	<b>201</b>	<b>106</b>	<b>0</b>	<b>-212</b>	<b>20</b>	<b>44,986</b>	<b>53,381</b>
Transfer to general reserve				181						-181	
Profit/(Loss)										-4,464	-4,464
Other comprehensive income					-201			-4	11		-194
Purchase/(Sale) of treasury shares											0
Subordinated Tier 1 capital							28,923				28,923
Change in share option reserve						-106					-106
<b>1 January 2013</b>	<b>6,600</b>	<b>-29</b>	<b>1,709</b>	<b>181</b>	<b>0</b>	<b>0</b>	<b>28,923</b>	<b>-216</b>	<b>31</b>	<b>40,341</b>	<b>77,540</b>
Transfer to general reserve											0
Profit/(Loss)										-4,594	-4,594
Other comprehensive income								155	-7		148
Purchase/(Sale) of treasury shares											0
Subordinated Tier 1 capital							2,826				2,826
Change in share option reserve						8					8
<b>30 June 2013</b>	<b>6,600</b>	<b>-29</b>	<b>1,709</b>	<b>181</b>	<b>0</b>	<b>8</b>	<b>31,749</b>	<b>-61</b>	<b>24</b>	<b>35,747</b>	<b>75,928</b>

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## Statement of Shareholders' Equity 'B'

Table includes the special banking tax for the entire business year

(consolidated non-audited data as of 30 June 2013 according to IFRS)

in HUF million	Share Capital	Treasury Shares	Share Premium	General reserve	Cash-flow hedge reserve	Share option reserve	Subordinated Tier 1 capital	Change in fair value (financial assets AFS)	Foreign currency transaction reserve	Retained earnings (deficit)	Shareholders' Equity
<b>1 January 2012</b>	<b>6,600</b>	<b>-29</b>	<b>1,709</b>	<b>0</b>	<b>201</b>	<b>106</b>	<b>0</b>	<b>-212</b>	<b>20</b>	<b>44,986</b>	<b>53,381</b>
Transfer to general reserve				181						-181	0
Profit/(Loss)										-4,464	-4,464
Other comprehensive income					-201			-4	11		-194
Purchase/(Sale) of treasury shares											0
Subordinated Tier 1 capital							28,923				28,923
Change in share option reserve						-106					-106
<b>1 January 2013</b>	<b>6,600</b>	<b>-29</b>	<b>1,709</b>	<b>181</b>	<b>0</b>	<b>0</b>	<b>28,923</b>	<b>-216</b>	<b>31</b>	<b>40,341</b>	<b>77,540</b>
Transfer to general reserve											0
Profit/(Loss)										-5,976	-5,976
Other comprehensive income								155	-7		148
Purchase/(Sale) of treasury shares											0
Subordinated Tier 1 capital							2,826				2,826
Change in share option reserve						8					8
<b>30 June 2013</b>	<b>6,600</b>	<b>-29</b>	<b>1,709</b>	<b>181</b>	<b>0</b>	<b>8</b>	<b>31,749</b>	<b>-61</b>	<b>24</b>	<b>34,365</b>	<b>74,546</b>

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## Off-balance Sheet items – Commitments

(consolidated non-audited data as of 30 June 2012, 31 March 2013 and of 30 June 2013 according to IFRS)

in HUF million	30/06/2012	31/03//2013	30/06/2013
<b>Commitments</b>			
Guarantees	2,301	4,224	7,449
Undrawn commitments	17,155	30,547	35,003
<b>Total</b>	<b>19,456</b>	<b>34,771</b>	<b>42,452</b>

## Transactions with related parties

(consolidated non-audited data as of 30 June 2012, 31 March 2013 and of 30 June 2013 according to IFRS)

in HUF million	30/06/2012	31/03//2013	30/06/2013
Due from banks	0	0	0
Refinanced mortgage loans	0	0	0
Fair value of derivatives	0	0	0
Other assets	0	0	0
<b>Total assets</b>	<b>0</b>	<b>0</b>	<b>0</b>
Due to banks	0	0	0
Issued securities	0	0	0
Financial liabilities at fair value through profit and loss	0	0	0
Other liabilities	0	1	1
<b>Total liabilities</b>	<b>0</b>	<b>1</b>	<b>1</b>
	<b>30/06/2012</b>	<b>31/03//2013</b>	<b>30/06/2013</b>
Interest income	0	0	0
Interest expense	0	0	0
<b>Net interest income</b>	<b>0</b>	<b>0</b>	<b>0</b>
Fees and commission income	0	0	0
Fees and commission expense	0	0	0
<b>Net fees and commissions</b>	<b>0</b>	<b>0</b>	<b>0</b>
Gains from securities	0	0	0
<b>Net trading result</b>	<b>0</b>	<b>0</b>	<b>0</b>
Other operating income	0	0	0
Other operating expense	0	0	0
<b>Operating profit</b>	<b>0</b>	<b>0</b>	<b>0</b>
Credit loss expense	0	0	0
General and administrative expense	-112	-55	-100
<b>Profit for the year</b>	<b>-112</b>	<b>-55</b>	<b>-100</b>

For the purpose of the financial statements, related parties include all the enterprises that directly or indirectly through one or more intermediaries are controlled by the reporting enterprise (this includes parents and subsidiaries) and key management personnel, including the member of the Board and Supervisory Board. For the purposes of this Report, related parties also include shareholders whose holding in the Bank exceeds 10% (VCP Finanz Holding Ltd., A64 Trustee Ltd. and from 2010 also Allianz Hungary Insurance Ltd). Related parties have the power of control over or have a significant influence in, decisions relating to the finances and operation of another enterprise. The Group enters into transactions with associated parties under market conditions.

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## Data forms relating to the structure of shares and the group of owners

### Ownership structure, participation and voting rates

(The listed series is the same as the entire share capital.)

Description of owner	Total equity <sup>1</sup>					
	At the beginning of actual year			End of actual period		
	% <sup>2</sup>	% <sup>3</sup>	Qty	%	%	Qty
Domestic institution/company	55.8%	55.8%	36,795,859	57.6%	57.7%	38,040,017
Foreign institution/company	22.0%	22.0%	14,509,484	21.7%	21.7%	14,297,742
Domestic individual	5.9%	6.0%	3,923,000	7.5%	7.5%	4,943,054
Foreign individual	0.0%	0.0%	18,792	0.1%	0.1%	45,045
Employees, senior officers	0.3%	0.3%	177,055	0.2%	0.2%	148,055
Treasury shares	0.1%	0.0%	53,601	0.1%	0.0%	53,601
Government held owner <sup>4</sup>	7.2%	7.2%	4,724,833	7.2%	7.2%	4,724,833
International Development Institutions <sup>5</sup>	0.0%	0.0%	0	0.0%	0.0%	0
Other	8.8%	8.8%	5,797,386	5.7%	5.7%	3,747,663
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>	<b>66,000,010</b>	<b>100.0%</b>	<b>100.0%</b>	<b>66,000,010</b>

<sup>1</sup>If the listed series is the same as the entire share capital, this must be indicated and no completion is required. If there are several series on the Stock Market, the ownership structure must be given for every series.

<sup>2</sup> Ownership share

<sup>3</sup> The voting rights ensuring participation in decision making at the General Shareholder's Meeting of Issuer. If the ownership share and the voting rights are identical, only the ownership share column must be completed and submitted/disclosed, while the fact must be indicated!

<sup>4</sup> E.g.: MNV Zrt, TB, local authorities, companies with 100% state ownership, etc.

<sup>5</sup> E.g.: EBRD, EIB, etc.

### Number of treasury shares held in the year under review

	30/06/2012	31/12/2012	31/03/2013	30/06/2013
FHB Mortgage Bank Plc.	53,601	53,601	53,601	53,601

### Owners with more than 5% ownership (as at 30 June 2013)

Name	Custodian Bank (yes/no)	Number of shares	Stake (%)	Voting rights (%) <sup>1</sup>
VCP Finanz Holding Ltd.	no	15,970,000	24.20%	24.22%
A64 Vagyonkezelő Ltd.	no	10,746,468	16.28%	16.30%
Allianz Hungária Biztosító Ltd.	no	6,856,662	10.39%	10.40%
Silvermist Estate SA	no	6,318,116	9.57%	9.58%
Hungarian National Asset Management Inc.	no	4,724,833	7.16%	7.16%
<b>Total</b>		<b>44,619,079</b>	<b>67.60%</b>	<b>67.66%</b>

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## Data forms related to the organisation and operation of the issuer

### Changes in the headcount of full-time staff (persons)

	30/06/2012	31/12/2012	30/06/2013
Bank	181	170	171
Consolidated	804	770	763

### Persons in senior positions and (strategic) employees having an influence on the operations of the Issuer (as at 30 June 2013)

Type <sup>1</sup>	Name	Position	Beginning of mandate	End/ termination of mandate	No. of shares held
BoD	Dr. Zoltán Spéder	Chairman	29.04.2008	29.04.2018	16,000
BoD	Gabriella Balogh	Member	30.04.2013	09.04.2018	0
BoD	Dr. Christian Riener	Member	29.04.2008	29.04.2018	8,000
BoD	Gyula Köbli	Member, CEO	21.04.2010	29.04.2018	16,000
BoD	Tamás Foltányi	Member, Deputy CEO	21.04.2010	29.04.2018	12,000
BoD	Gábor Gergő Soltész	Member, Deputy CEO	30.04.2013	29.04.2018	0
BoD	Ákos Zoltán Starcz	Member	30.04.2013	29.04.2018	0
SB	Csaba Lantos	Chairman	28.04.2009	28.04.2014	0
SB	Enikő Mártonné Uhrin	Member	21.04.2010	21.04.2015	0
SB	Tibor Kádár	Member	24.04.2013	23.04.2018	0
SB	Miklós Szabó	Member	20.04.2011	20.04.2016	2,200
<b>TOTAL No. of shares held by management:</b>					<b>54,200</b>

<sup>1</sup> Employee in a strategic position (SP), Member of the Board of Directors (BoD), member of the Supervisory Board (SB)

## Information and disclosures in 2013

Important information and disclosures issued by the FHB Group fall into the following categories:

- Events relating to Group operation (banking announcements, changes in the Rules of Operation)
- Interim management reports, annual reports
- Information in relation to mortgage bonds (offerings and repurchase, updating of the domestic and international mortgage bond issues program, value of mortgage bonds and their cover)
- Month end information about the amount of issued capital and the voting rights
- Proposals submitted to the AGM and invitation to the AGM
- Shareholders' announcements, report FHB share transaction

Announcements, information and disclosures published by FHB are available at the following sites:

[www.bet.hu](http://www.bet.hu)  
[www.kozzetetelek.hu](http://www.kozzetetelek.hu)  
[www.fhb.hu](http://www.fhb.hu)